FUNDING ISSUES AT MSU BOZEMAN – FOLLOW UP

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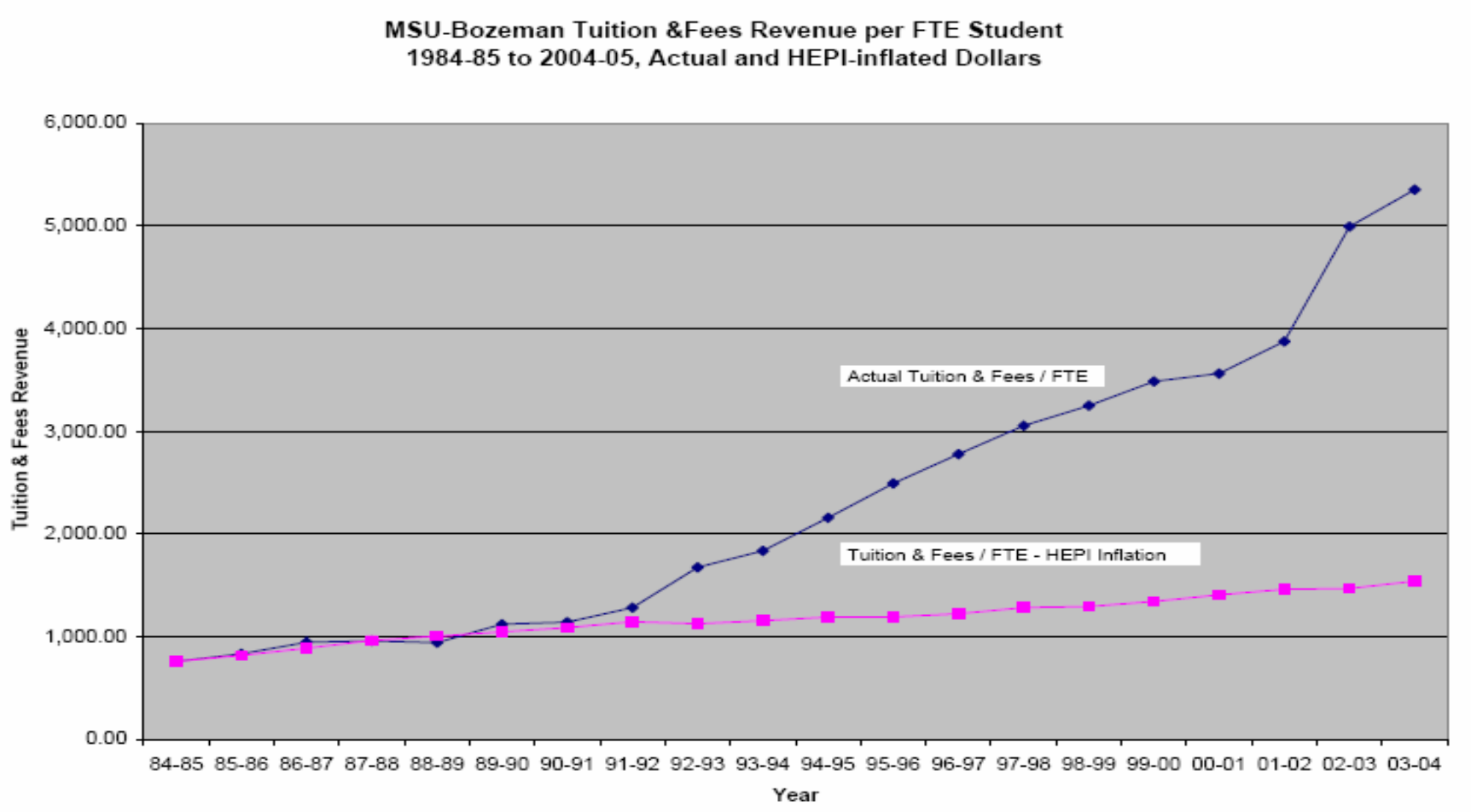
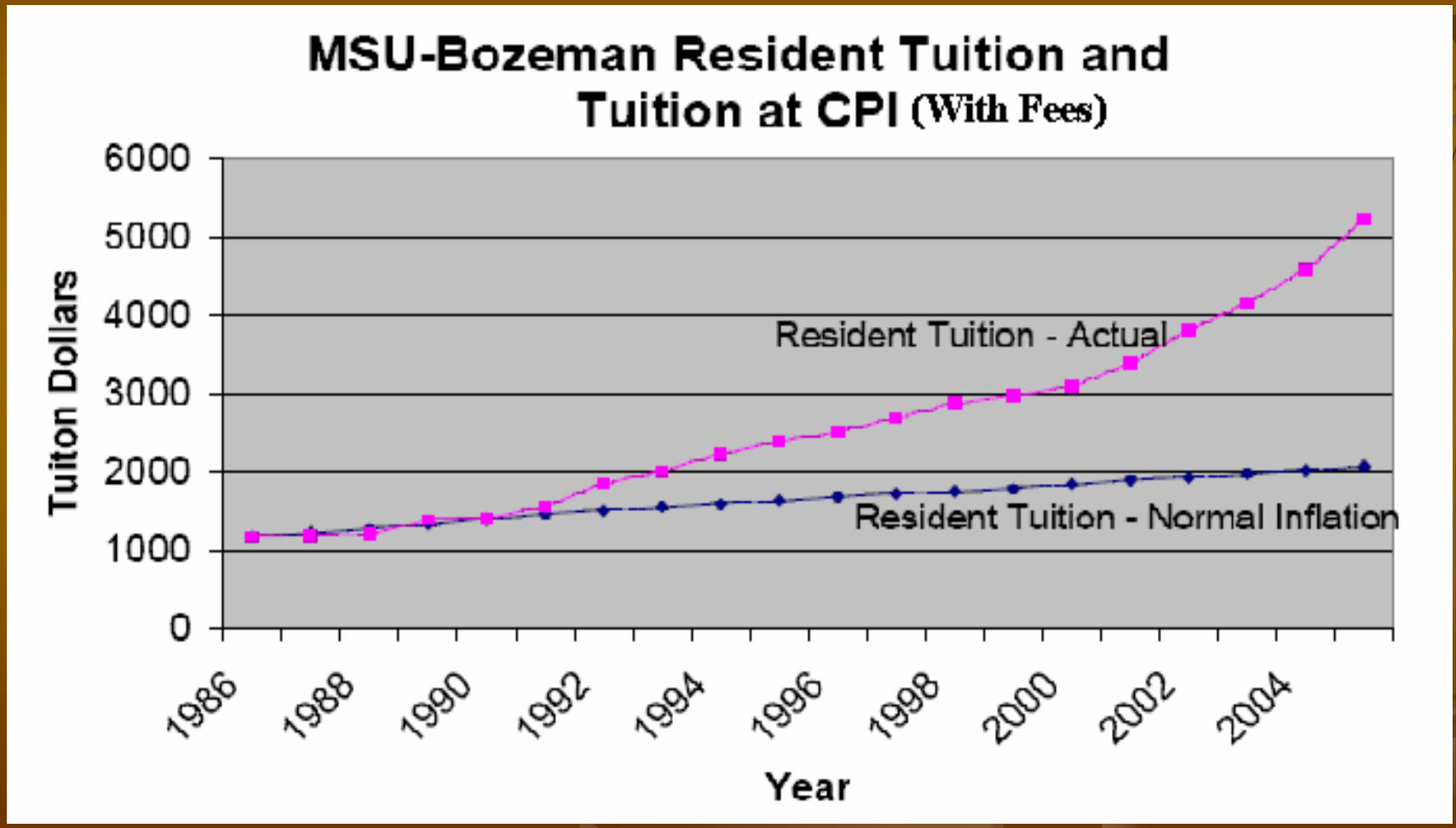
TUITION & FEES/FTE VS. HEPI



RESIDENT TUITION & FEES



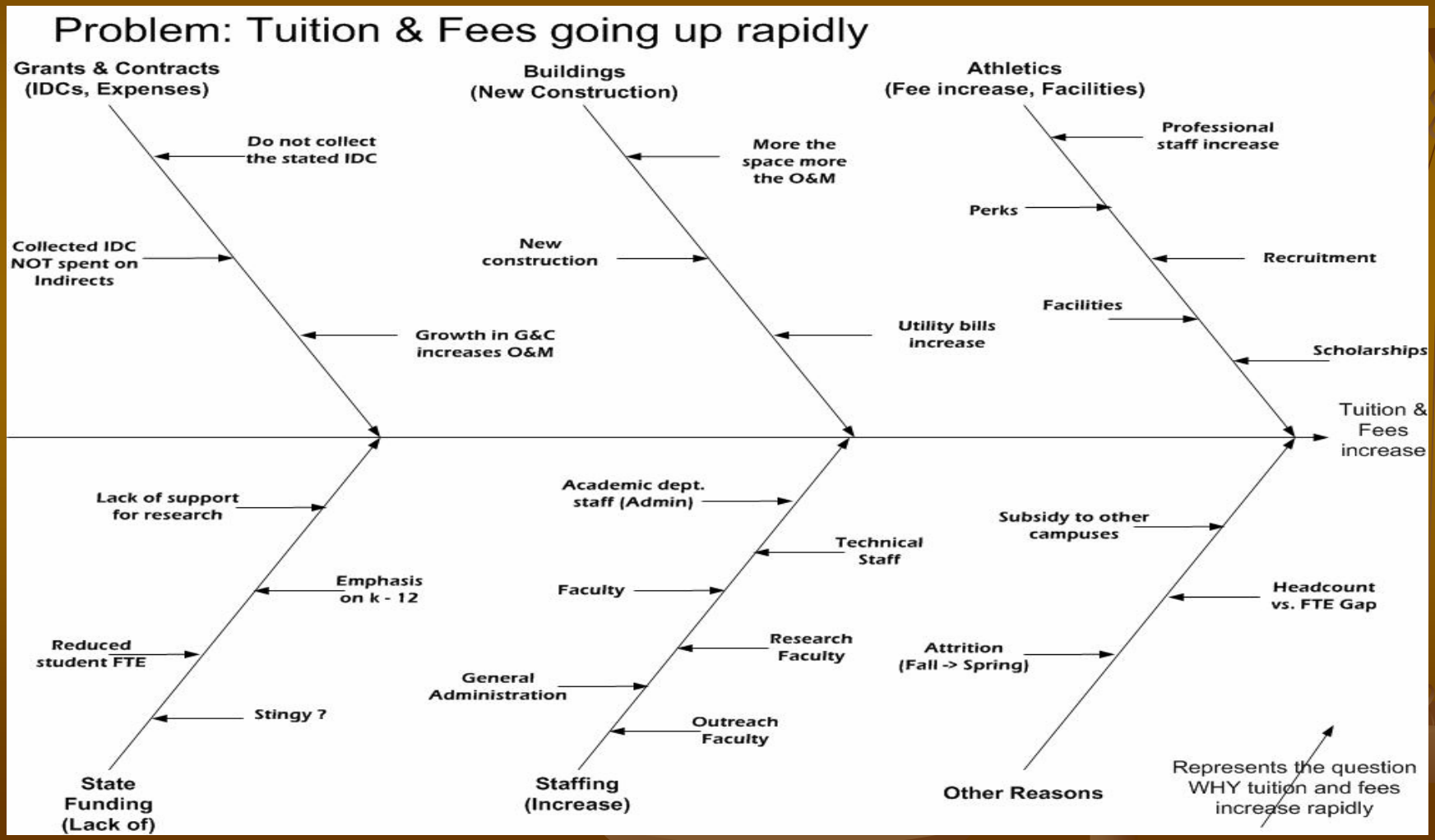
SUMMARY

- Tuition: approx. 4 times HEPI tuition
- Hard for students to afford
- The total number of sections offered remained the same at 1570 from FY 02-04
- Tuition is going up by $400+ in next year

PRICE VS. COST

- In economy: Price = Cost + Profit
- In Higher Ed: Price = Cost - Subsidy
- Net price of Higher Ed: (William E Troutt)
  - Total price of attendance – Students' pay after financial aid
- Calculating net price is hard, with almost 3 out of 4 students receiving some financial aid

POSSIBLE CAUSES
(Fish Bone Diagram)



POSSIBLE CAUSES
(SUMMARY)

- State Support
- Research
- Buildings
- Staffing
- Athletics
- Other reasons

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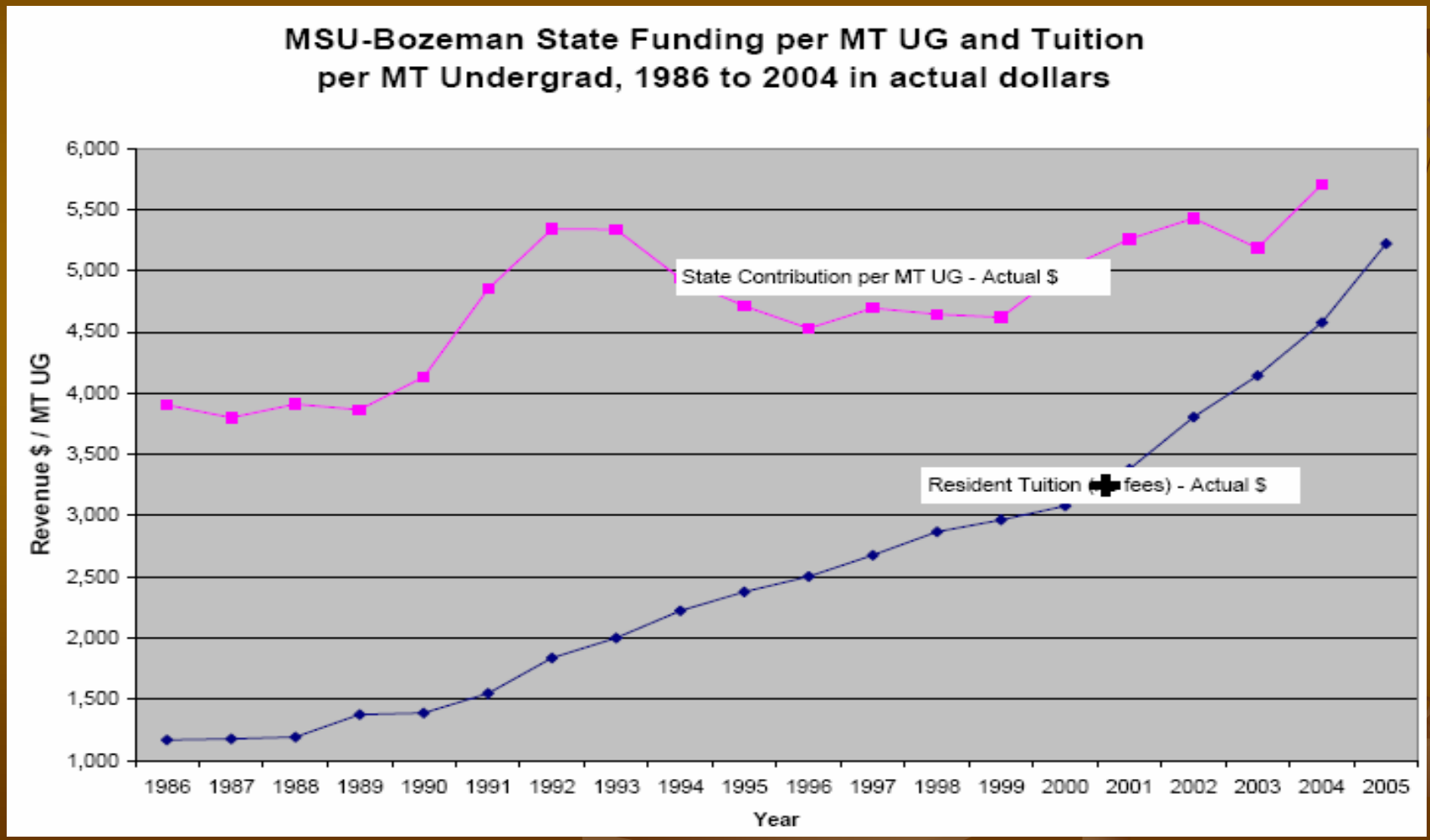
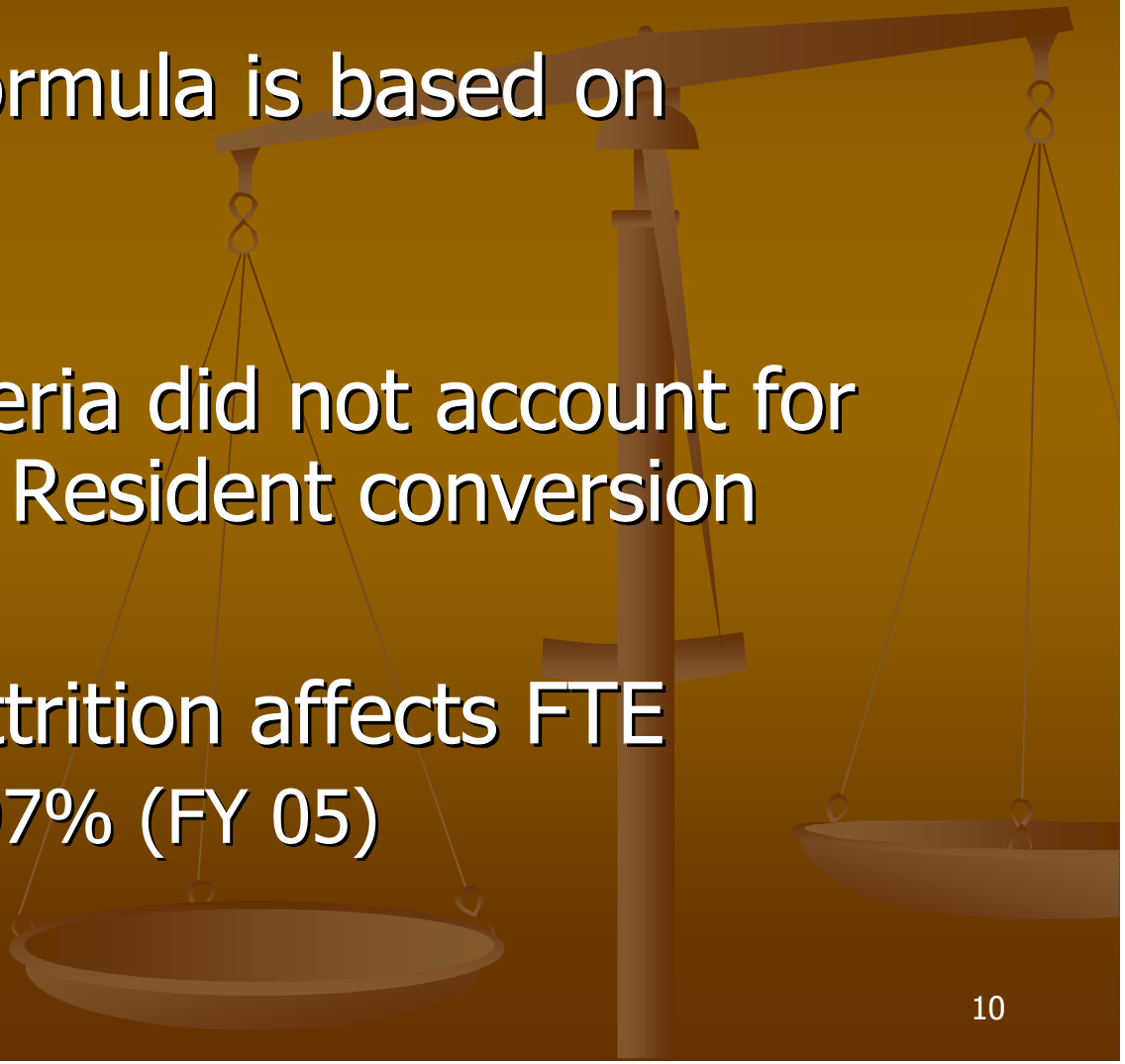
STATE $ VS. RESIDENT T&F
(Actual $)

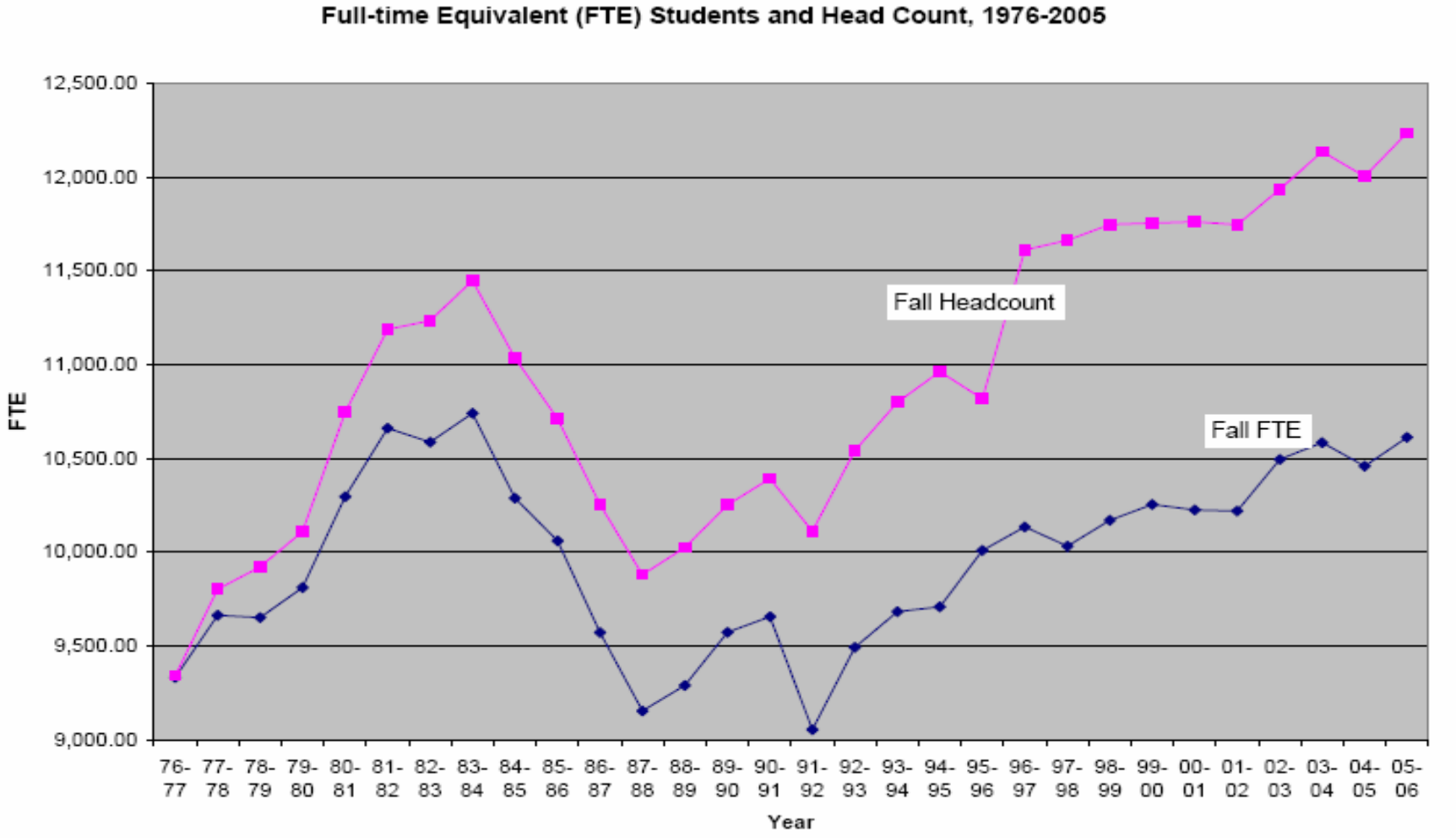


STATE FUNDING

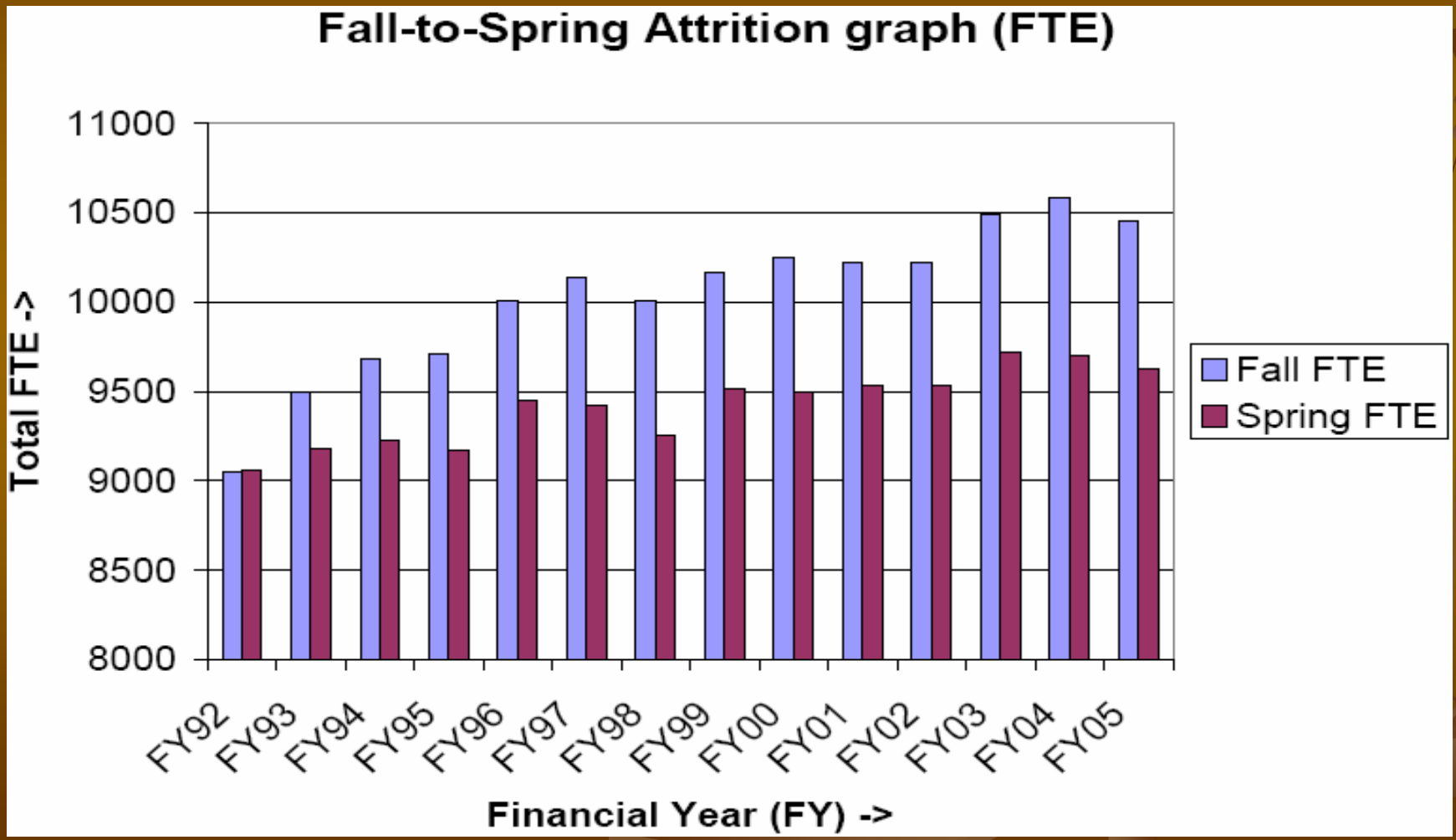
- State funding formula is based on Resident FTE
- Old funding criteria did not account for Non-resident to Resident conversion
- Fall-to-Spring attrition affects FTE
  - Currently @ 7.97% (FY 05)



FTE VS. HEADCOUNT



FALL-TO-SPRING ATTRITION



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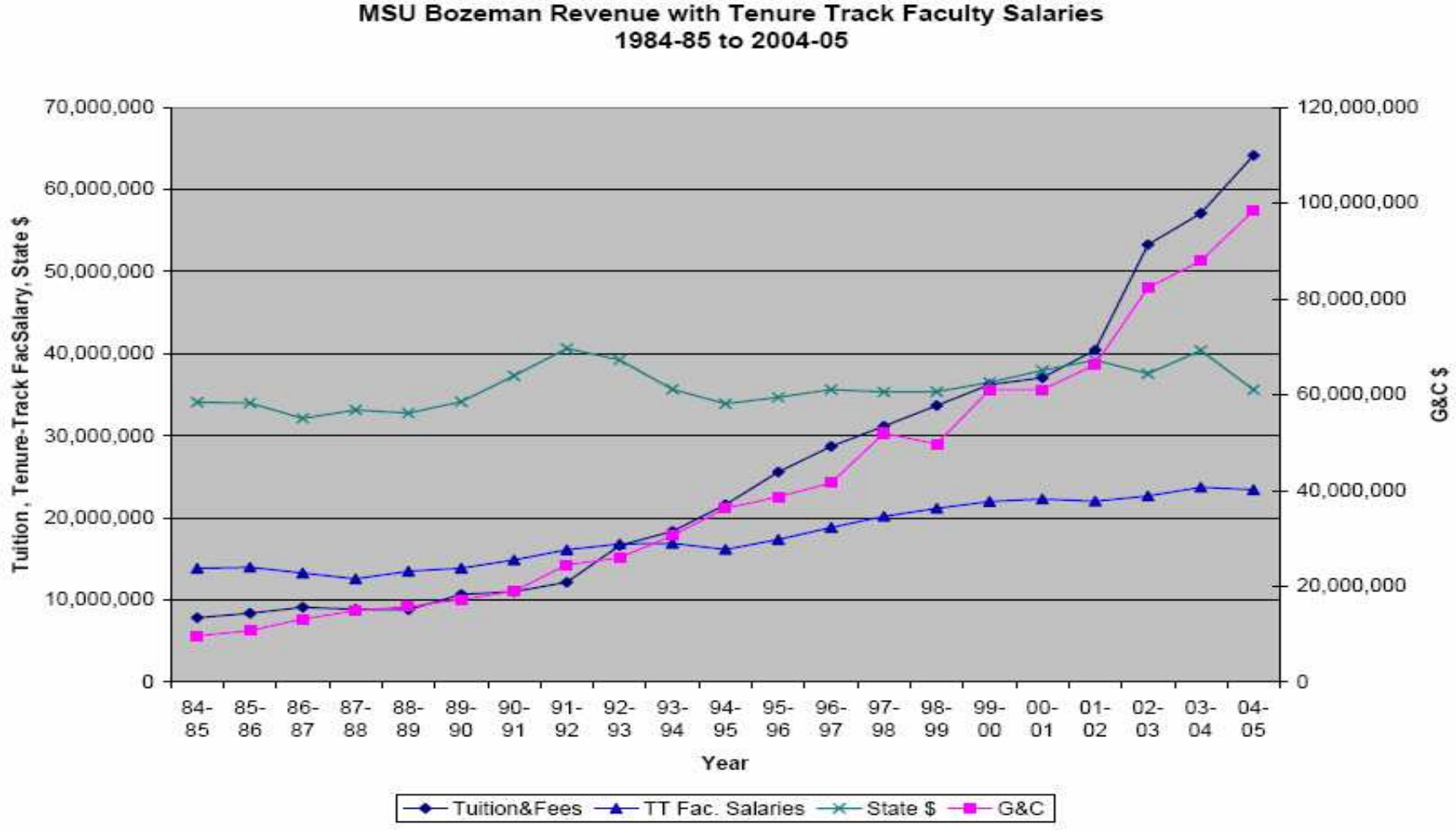
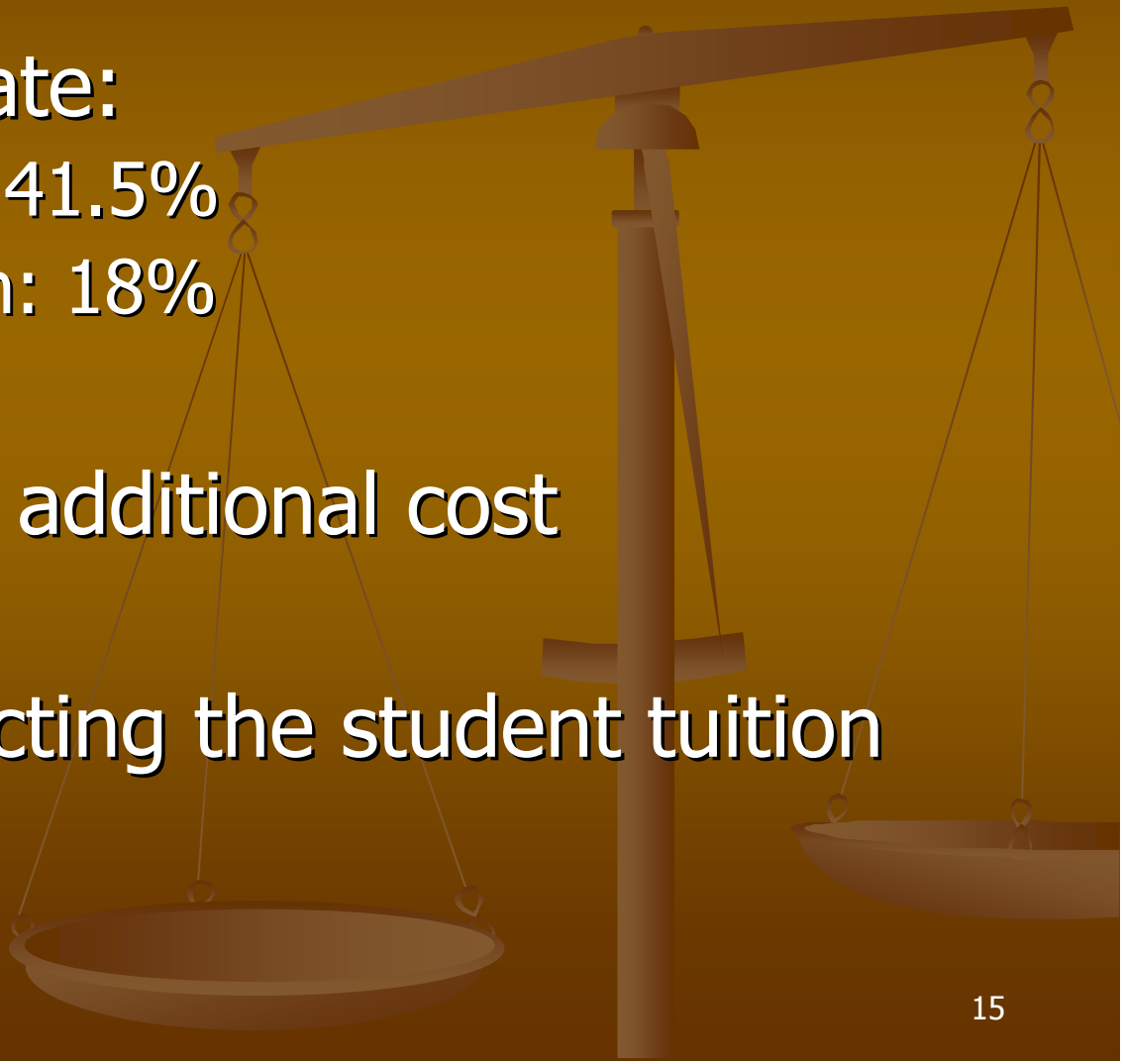
RESEARCH & TUITION



RESEARCH SUMMARY



- IDC collection rate:
  - Maximum rate: 41.5%
  - Actual collection: 18%
- Research incurs additional cost
- Is research affecting the student tuition and fees?

RESEARCH UPDATE

- Effect on O&M: (for FY-05 only)
  - Total Assignable Square Feet (ASF) – 13%
  - Estimated plant share – $2.4 million
  - Actual amount paid - $250, 779.00
  - Estimated shortfall - $2.17 million
- Research pays for other items in campus
  - We are working on obtaining the complete picture

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NEW BUILDINGS

- Chemistry research facility
- Federal Ag. research building
- MSU Ag. research building
- Parking garage and so on…

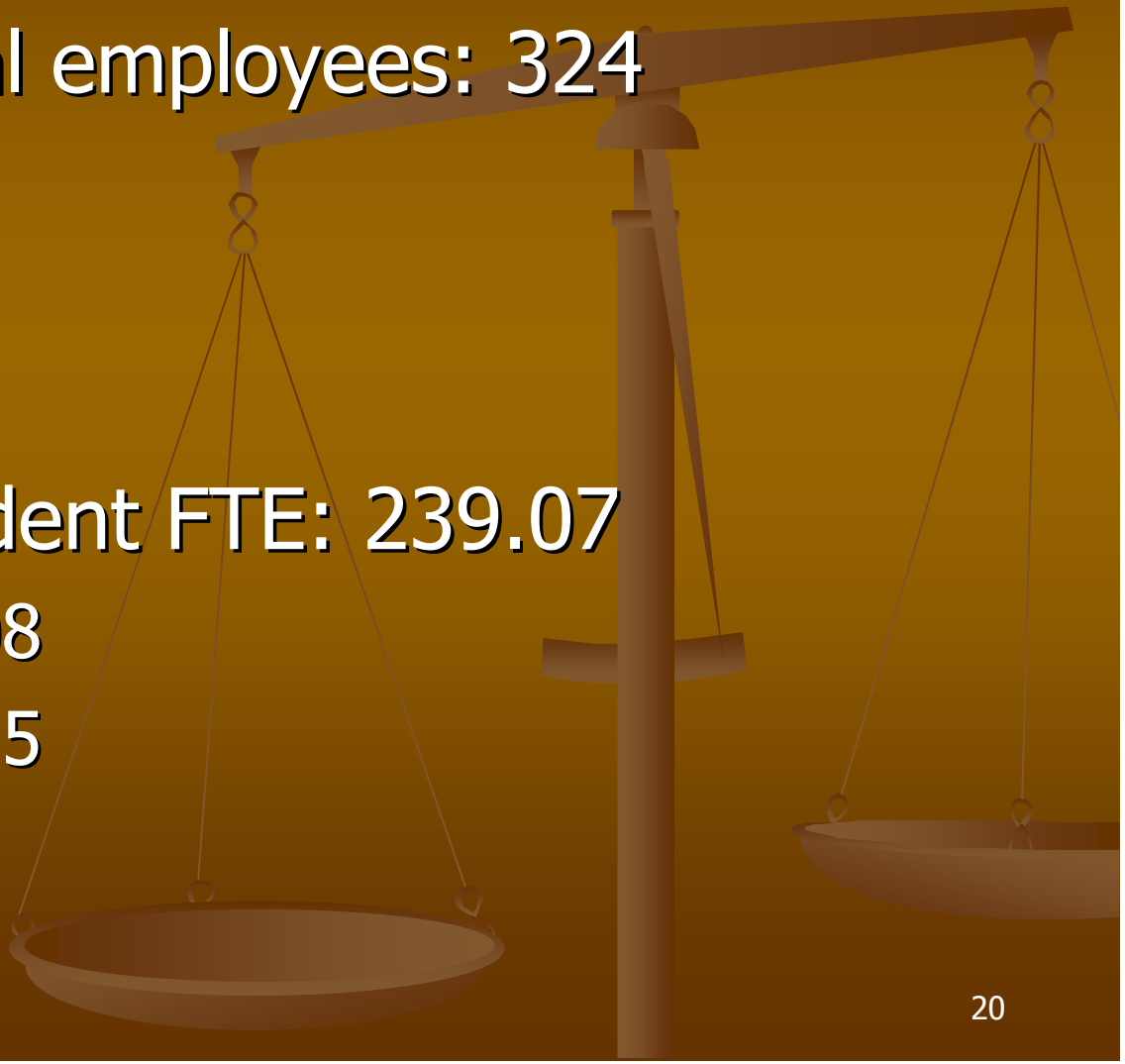
- Will increase expenses in areas like
  - Fixed costs, New Staff, O&M, Utilities etc.

FINANCIAL IMPLICATIONS

- Current tuition increase is sponsored by:
  - Utilities – 20%
  - Property & Liability insurance – 11%
  - Salaries and Benefits – 55%
- More money should be made available from state to cover these expenses
- Will the students have to foot the bill for all these developmental activities?

AN EXAMPLE - STAFFING

- Increase in total employees: 324
  - FY 02: 2610
  - FY 05: 2934
- Increase in student FTE: 239.07
  - FY 02: 10218.08
  - FY 05: 10457.15



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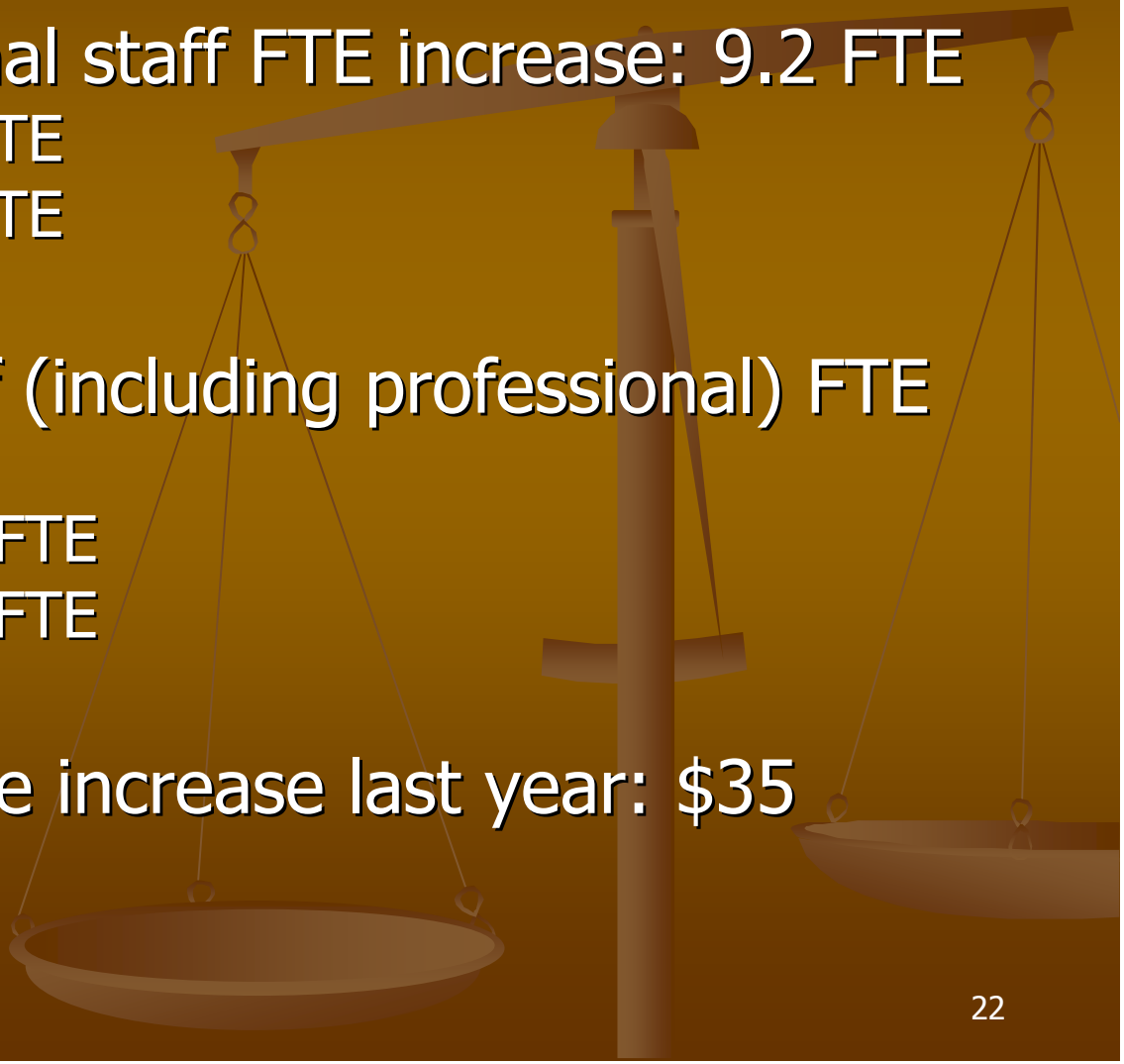
ATHLETIC FEE INCREASE

- Athletic professional staff FTE increase: 9.2 FTE
  - Year 2002: 34.2 FTE
  - Year 2005: 43.4 FTE
- Total Athletic staff (including professional) FTE increase: 1.4 FTE
  - Year 2002: 52.86 FTE
  - Year 2005: 54.26 FTE
- Still the athletic fee increase last year: $35



SIMILAR EFFORTS

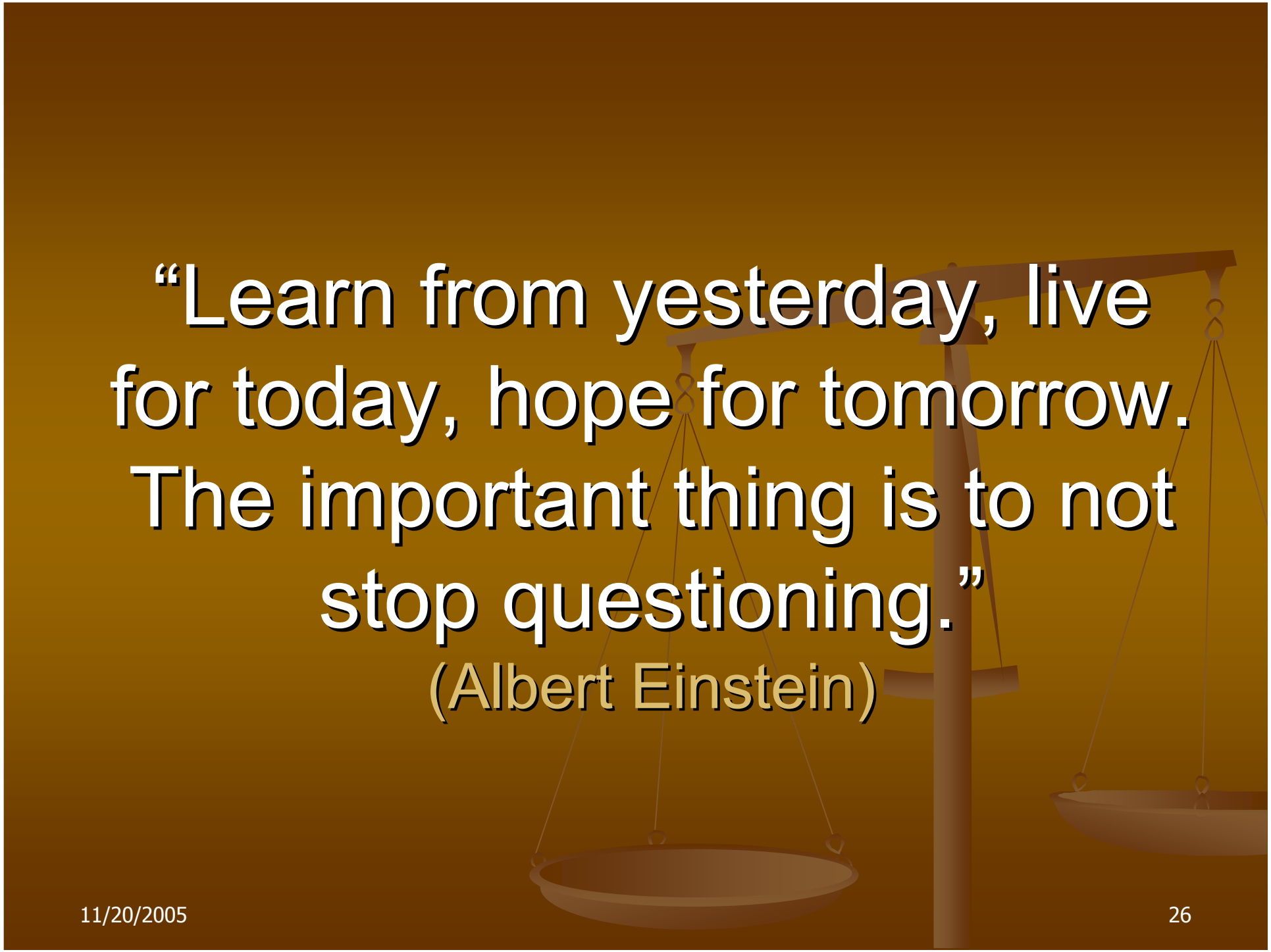
- The LUMINA Foundation for Education has identified ten criteria to measure academic and non-academic programs at Universities
- New York state declared "affordable and equitable access to a coordinated education system" as their prime goal
- South Carolina instituted performance measures for state appropriations to increase accountability
- There is now a Congressional Committee on the Cost of Higher Education

CURRENT OUTCOMES

- President Gamble agreed to bring a third party from outside to study the research scenario
- Increased communication with administration
  - President Gamble, Dr. Jim Rimpau, Dr. Tom McCoy and so on…
- More awareness among students in the campus about issues concerning them

CONCLUSION

- The tuition increase is due to:
  - External factors
  - Internal factors
- We will continue the study and:
  - Submit a final report/documentation to MSU and BOR by next meeting
- Will attempt at proposing simple performance measures, understandable to students and taxpayers


“Learn from yesterday, live for today, hope for tomorrow. The important thing is to not stop questioning.”
(Albert Einstein)

MSU FUNDING DIAGRAM